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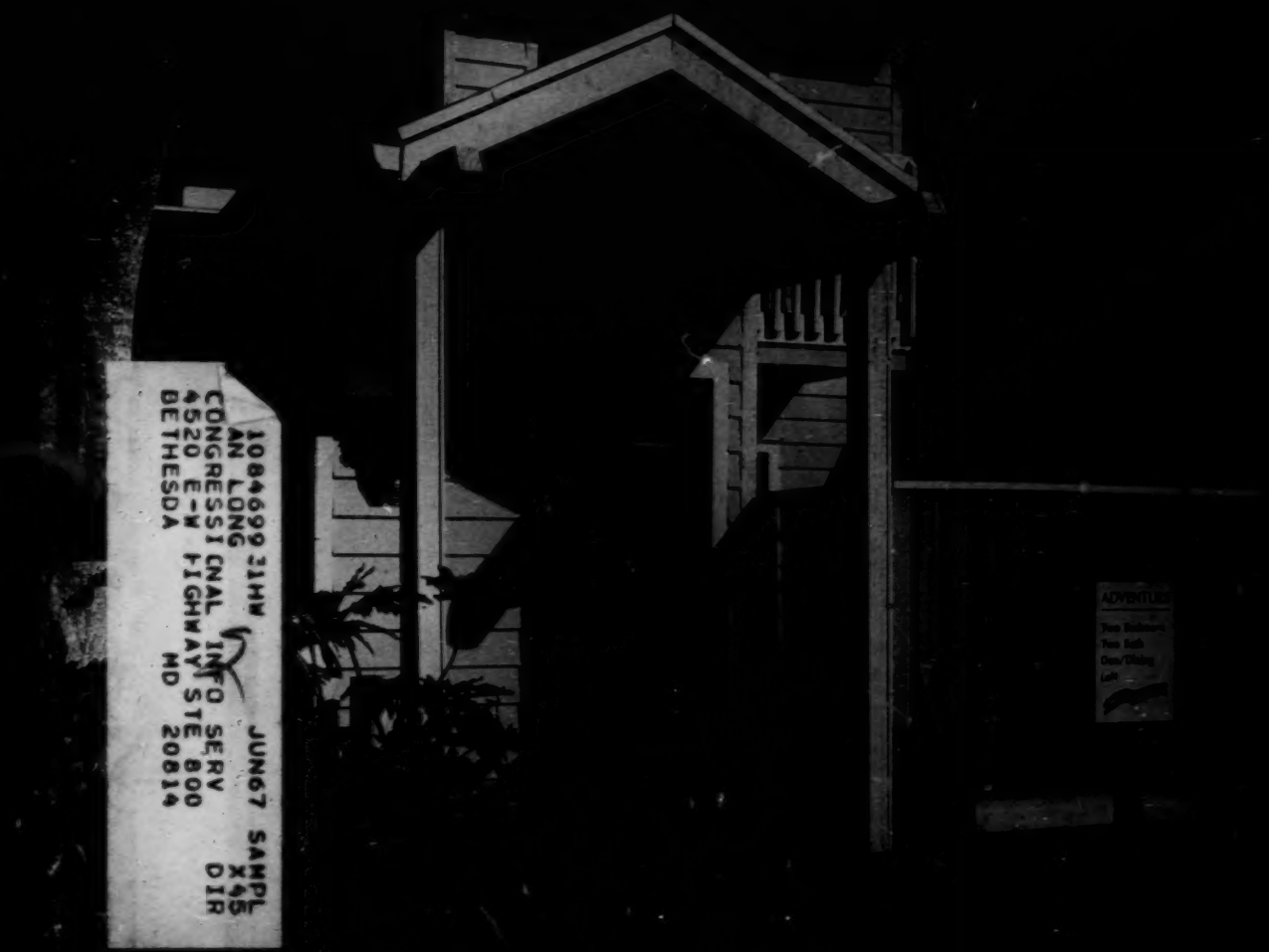

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VOLUME 8, NUMBER 3 ■ MARCH 1985

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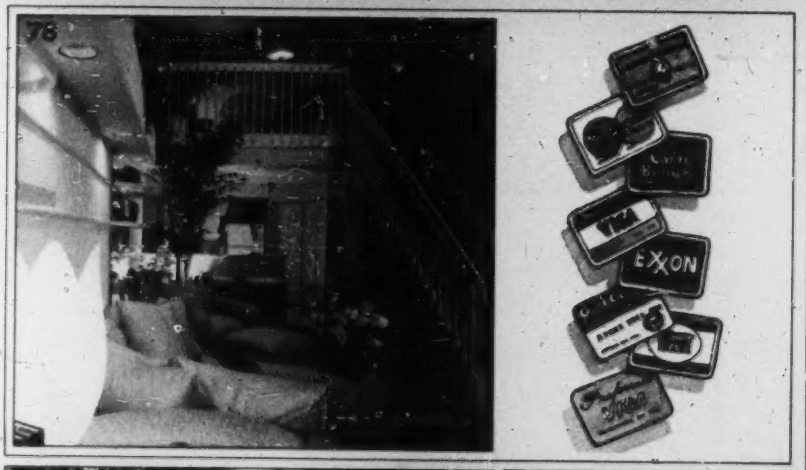


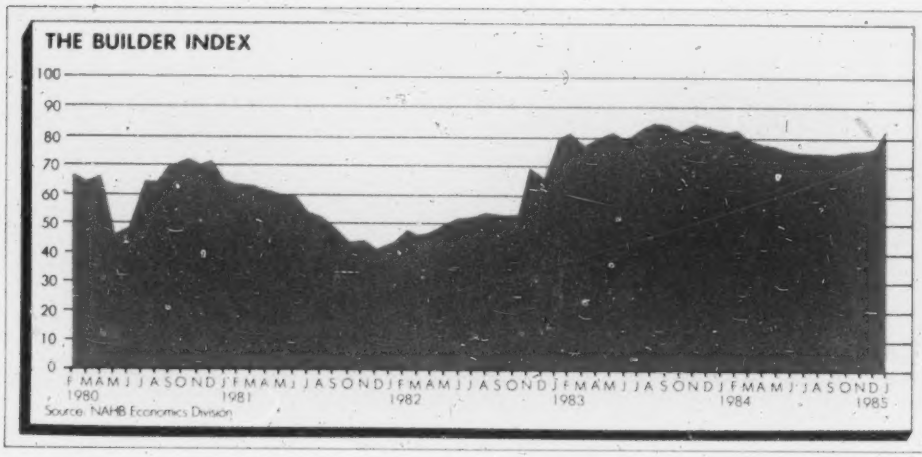
78—WHERE THE YUPPIES ARE
Yuppies—young urban professionals—are so hungry for status they'll pay $1.50 for a designer chocolate chip cookie. Which makes them the butt of jokes. But couple that status consciousness with their affluence and yuppies emerge as the sonic shock wave of the baby boom and an important market for builders.
(Cover: Players Place, North Lauderdale, Fla. Photo: Tom Knibbs)

94—FIVE-YEAR LOCAL FORECAST
A housing forecast with a twist. Prepared by NAHB's economics division, it not only projects total annual housing starts through 1989, it also provides a five-year market-by-market starts forecast for the top 94 housing markets.

106—PROJECT OF THE MONTH
Robert Schulman had a bold idea: build 44 super-high-priced spec homes in suburban New York for super-successful empty-nesters.

OUTLOOK

A HOUSING INDUSTRY ANALYSIS
PREPARED BY THE
NAHB ECONOMICS DIVISION


THE BUILDER INDEX
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1980
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1982
1983
1984
1985
Source: NAHB Economics Division

The BUILDER Index continued to climb in January, reaching 81.70, a reflection of builders' high expectations for the months ahead.

The BUILDER Index measures near-term (3 to 6-month) housing activity. It is a composite of seven housing industry indicators: building permits, Government National Mortgage Association yields, the Producer Price Index (construction materials), framing lumber and plywood composite prices, builders' sales expectations, home buyer traffic and the confidence index of home buying. The base measurement period (100) is housing conditions in July 1978. The BUILDER Index is updated monthly.

Rolling On

Michael Sumichrast
NAHB chief economist

The housing recovery seems likely to continue this year then into 1986. This optimistic forecast is supported by better than expected overall economic growth as well as reasonably stable and somewhat lower interest rates.

Housing starts should reach a level of 1.62 to 1.65 million this year, and decline only slightly to 1.5 million units next year. The economy in general should improve after a pause in the third quarter of 1984, when the GNP grew at only 1.6 percent. The fourth quarter flash estimate shows 2.8 percent growth already, and this improvement should continue this year, with the first half of the year particularly strong.

The fear of recession has all but disappeared. A recent survey by the Monetary Policy Forum, a group of 30 distinguished financial analysts, has downgraded the chance of a recession in the next six months to only 28 percent, compared with the 40 percent registered a month earlier. The 12-month outlook also improved, with the chance of recession dropping from 55 percent to 40 percent.

The accompanying table shows some of the data the NAHB econometric model uses to forecast housing starts each month.

In 1986 the model shows economic growth slowing from 3.1 percent (this year) to about 2.2 percent. The unemployment rate is projected to increase slightly to 7.6 percent. Personal savings will improve marginally, while the inflation rate will remain relatively low.

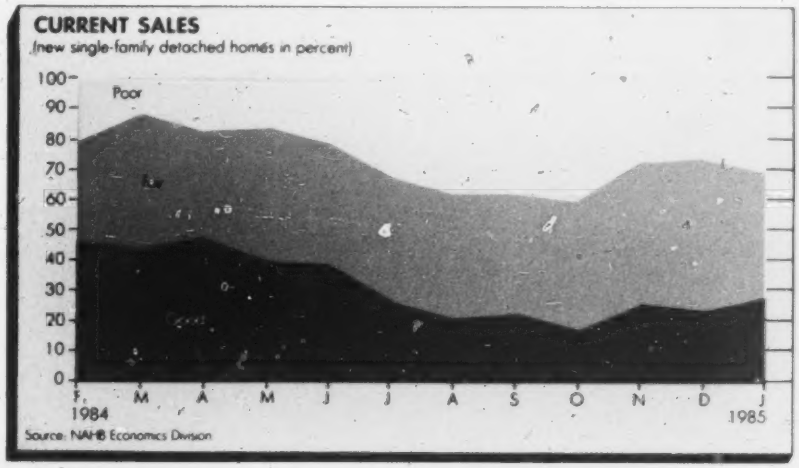
The forecast calls for all interest rates to rise next year. The prime rate should average about 11 percent this year—the low will be 10.25 percent—and close to 12 percent in 1986. Mortgage rates will continue to ease through the first part of this year, declining about another 100 basis points, before increasing to 13.75 percent by the end of the year then peaking at 14.25 percent in

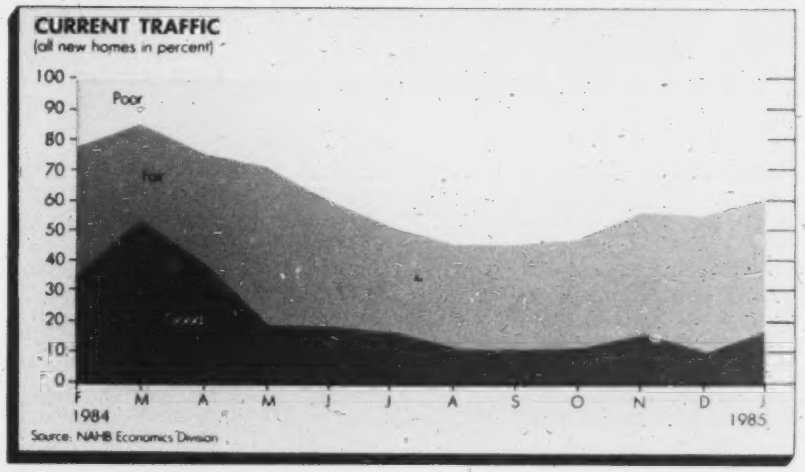
CONTINUED ON PAGE 13

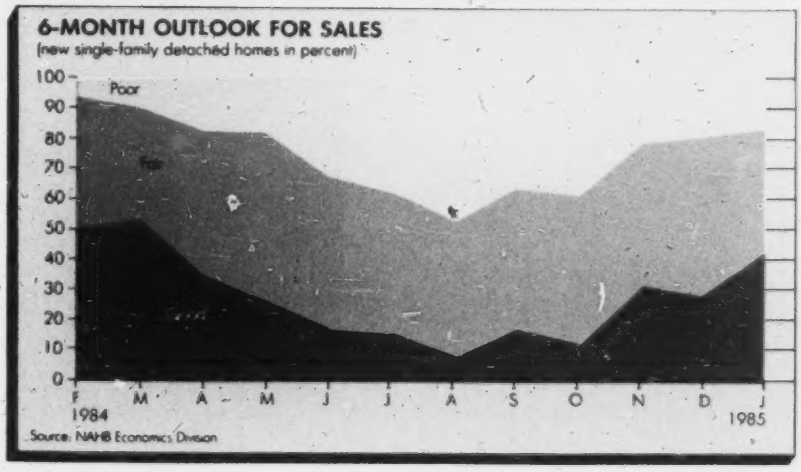
ECONOMIC ASSUMPTIONS: HISTORICAL AND FORECAST, 1983-1986

Economic indicator	1983	1984	1985	1986
AAA bond yields	12.04%	12.74%	11.39%	12.38%
"T" bill yields	8.62%	9.57%	7.93%	9.13%
Prime rate	10.80%	12.13%	10.94%	11.88%
Mortgage rate	13.53%	14.38%	13.30%	14.00%
FHLBB advances (mill)	−$7,060	$15,051	$ 6,000	$10,500
FNMA purchases (mill)	$17,558	$ 3,769	$14,100	$16,500
CPI	3.0%	3.5%	4.5%	5.0%
Personal income	16.2%	9.8%	7.4%	4.7%
Personal savings	−13.2%	33.9%	8.9%	10.5%
Savings as percent of PI	4.3%	5.2%	5.3%	5.6%
Unemployment rate	9.6%	7.5%	7.5%	7.6%
Subsidized units	33,592	3,195	0	0
Real GNP	3.7%	6.7%	3.1%	2.2%

Source: Government agencies, compilation by NAHB Economics Division







NEW-FOUND OPTIMISM

For the third consecutive month buyer traffic, current home sales and builders' outlooks for the next six months improved substantially, signaling a definite end to a six-month gradual decline that began last spring. That according to the January BUILDER Poll.

While traffic (middle chart) and current sales (top chart) definitely improved, they still lagged behind levels of a year ago. Builders' expectations (bottom chart), on the other hand, are almost as high as they have been any time during the last two years.

Some 43 percent of those surveyed anticipate good sales in the six months ahead, up from 28 percent just a month earlier. Just as significant, only 16 percent expect a poor market, down from a peak of 47 percent five months ago.

Builders' comments reflect this new-found optimism. "Activity is very good, with plenty of buyer interest. I'm starting a new single-family subdivision as soon as I get my approvals," said a builder from Michigan. "Prospects are looking and buying," said a North Carolina builder.

Finally these comments from a Florida builder: "Potential buyers are encouraged by falling interest rates. All in all they have a new optimism about the economy."

The information on this page is based on a survey of approximately 800 builders. The survey, conducted each month for BUILDER by the NAHB Economics Division, asks builders to rate present new home sales, current traffic and the 6-month sales outlook as either good, fair or poor.

OUTLOOK/NOTES

EXISTING HOME SALES GAIN...
Existing home sales improved more than new home sales last year. New single-family sales increased 2.6% in 1984 to 639,000 units. Sales were up in all regions except the South, where sales declined 4%. At the same time, existing home sales grew by 5.5% to nearly 2.9 million.

BUT PRICES RISE LESS
For the fifth year in a row, existing home prices failed to keep up with the inflation rate, rising only 3.6% last year versus a 4.3% increase in the Consumer Price Index. By contrast, the median sales price of new single-family homes advanced 6% from the year before to $79,900 in 1984.

VACANCY BUILDUP
The national vacancy rate for downtown office buildings rose from 3.8% in March 1981 to 14.2% in the third quarter of 1984, according to Coldwell Banker. The vacancy rate for suburban office space is even higher—nearly 18%.

APPRAISING BUY-DOWNS
New home appraisals could be reduced when builders buy down the mortgage rate under new appraisal guidelines being considered by the Federal National Mortgage Association (Fannie Mae), and that would put new homes at a competitive disadvantage with existing homes. Fannie Mae is contemplating such action because it doesn't like the idea that the cost of buy-downs may be added to the home's sales price, resulting in a higher appraisal. "The current valuation theory which permits the appraised value to be a most probable selling price which includes the cost of subsidized financing is simply not acceptable," according to Fannie Mae. The agency acknowledges, however, that it would be very difficult for appraisers to determine whether comparable properties included financing costs in the sales price.

FASTEST GROWING STATES
The U.S. population grew by 9.6 million, or 4.2%, in 1980-84, the Census Bureau reported. The South and West regions registered 91% of the gain. The 10 fastest growing states during the period were Alaska (+24%), Nevada (+14%), Utah (+13%), Florida (+12.6%), Texas (+12.4%), Arizona (+12.3%), Colorado (+10%), New Mexico (+9.3%), Oklahoma (+9%) and Wyoming (+8.9%).

THRIFTS FALTER
The financial state of the nation's thrift institutions during the third quarter of 1984 dropped to its lowest level since 1982, according to statistics announced recently by the Federal Home Loan Bank Board. Some 31% of all FSLIC-insured institutions lost money during the period, up from 24% the previous quarter. The reason: rising interest rates earlier in the year increased the industry's cost of funds. The cost of funds increased 47 basis points to 10.27% while mortgage portfolio yield rose 11 basis points to 11.76%, leaving a spread of 1.49%.

BUILDING BOOM
Construction contracting set a record last year. The total value of new construction started in 1984 hit $210 billion, up 8% from 1983's previous high, reported the F.W. Dodge Division of McGraw-Hill Information Systems. Last year's growth was fueled by a 24% surge in commercial and industrial building. The value of residential building contracts, which led the expansion in 1983, grew 8% last year to nearly $101 billion. "Most conditions are favorable for another big year for the building industry in 1985," says Dodge chief economist George Christie, but a major risk is "the possible collapse of the office building boom."

FOR RENT
The national apartment rental vacancy rate jumped to 6.3% in the fourth quarter of last year from 6% in the third. That's a hefty increase from the 5.5% vacancy rate recorded a year earlier.

BEST SINCE 1979
At 1.75 million units, 1984 was the best year for housing starts since 1979. Starts were up 2.5% from 1983, but most of the increase was in the multifamily sector where starts advanced 5% to 665,000. Single-family starts rose 1% to 1.08 million. Regionally, the South continued to produce the most new housing though starts there declined 8% last year. The Northeast improved the most, up 21%, followed by a 14% rise in the West and an 11% increase in the North Central.

CONTINUED FROM PAGE 11
the second quarter of 1986.

The greatest risk to the economy is the proliferation of debt. Total debt is growing much faster than the total growth of the economy. Last year the credit market debt grew by $7.2 trillion, while the nominal GNP grew by only $3.7 trillion.

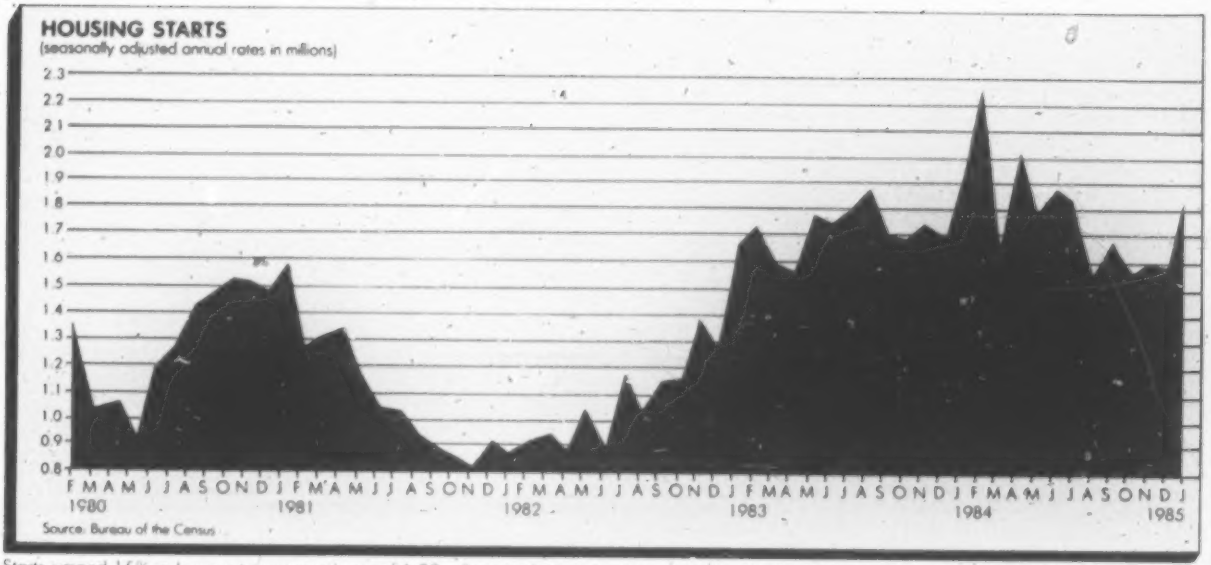
Wall Street economist and interest rate guru Henry Kaufman recently made a point about this, saying "these numbers understate the actual size of the debt market because there is an expanding hidden debt for which no data is available. This includes futures, options, interest rate swaps, currency swaps, credit guarantees by banks and insurance companies and firm lines of credit."

This debt structure consists of private as well as government demand. In the past 20 years, when debt has increased sharply, the federal government's share has gone from 2 percent annually in the 1960s to nearly 16 percent annually in the past five years.

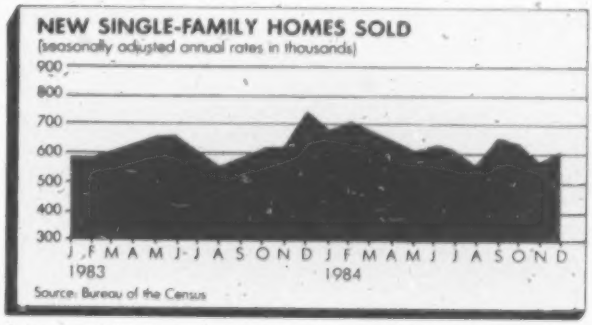
How seriously should these forecasts be taken? Well, a year ago we said total starts for 1984 would be 1,754,200 units. The preliminary figure for 1984 shows a total of 1,744,700 units. That's 9,500 units less than we forecast—an error of 0.5 percent.

Probably no one came closer. In fact, I doubt that we will ever be that accurate again—or that lucky.

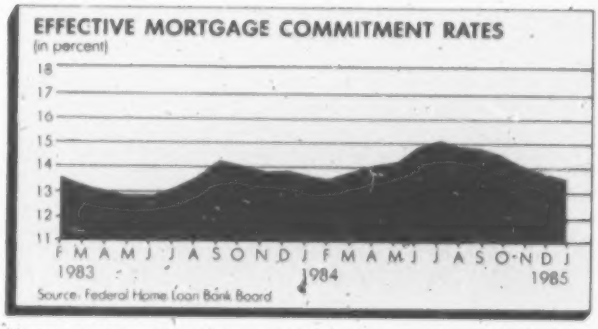
OUTLOOK/STATISTICS



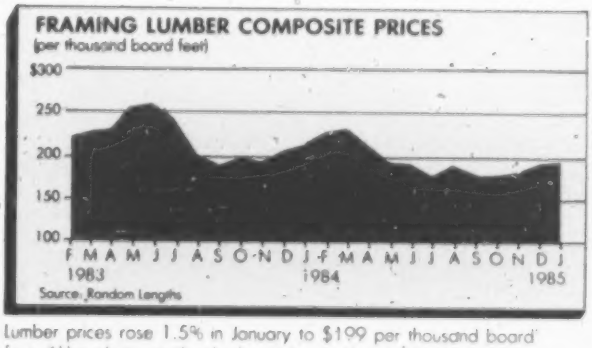
Starts jumped 15% in January to an annual rate of 1.83 million, the highest level in six months. Multifamily construction, which shot up 76%, accounted for the increase, as single-family starts actually dipped 4% to 1.04 million.



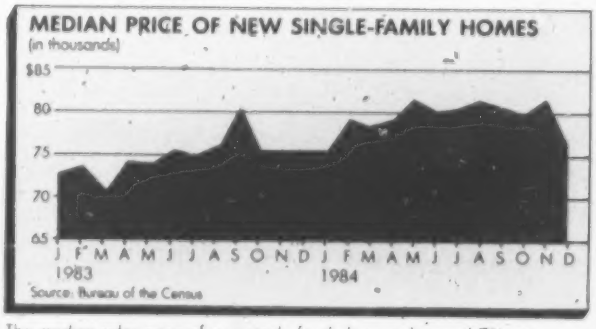
Sales rose 3% in December to an annual rate of 606,000 after falling 9.8% (revised) in November. December sales were nearly 20% lower than the steamy pace of a year earlier.



Mortgage rates continued downward in January. Fixed rates declined 10 basis points to 13.67%—the lowest level in nearly a year. Uncapped adjustable rates fell 34 basis points to 11.80%.



Lumber prices rose 1.5% in January to $199 per thousand board feet. Although it was the third straight monthly increase, the January price was still 6.6% lower than a year earlier.


MEDIAN PRICE OF NEW SINGLE-FAMILY HOMES
(in thousands)
$85
80
75
70
65
J F M A M J J A S O N D J F M A M J J A S O N D
1983
1984
Source: Bureau of the Census

The median sales price of new single-family homes dropped 7%, or $6,000, in December to $76,300. The December price was $400, or 0.5% higher than a year earlier.

MARKETING

MOVE-UP HOUSING MADE ITS MOVE LAST YEAR

Trade-up housing gained some ground last year.

Repeat home buyers increased their share of the housing market to 62 percent, up from 60 percent in 1983. That according to a survey of 11 representative metropolitan housing markets by Chicago Title Insurance Co.

Among new home buyers only, the proportion of trade-up buyers increased more dramatically, rising to 60 percent of the market between July 1983 and June 1984 from 52 percent during the same period a year earlier. That finding comes from a survey by NAHB's economics division of buyers of new homes insured by the Home Owner's Warranty Corp.

Chicago Title's survey of buyers of both new and existing homes also found that median household income for repeat buyers increased 9.4 percent in 1984 to $42,200. At the same time, the median home price for repeat buyers slipped slightly from $100,800 to $100,400 although higher interest rates and lower down payments pushed average monthly mortgage payments up 4.7 percent to $907.

As a result, the average monthly mortgage payment as a percentage of household income dropped for repeat buyers from 32 percent in 1983 to 28 percent last year.

It was a different story for first-time buyers. According to Chicago Title, the median home price for that group rose 11.5 percent to $81,500, and average monthly mortgage payments shot up 16 percent to $810. At the same time, median household income increased by a modest 6 percent to $35,070.

Consequently, first-time buyers spent a slightly higher proportion of their income for mortgage payments—33.7 percent, up from 33.4 percent.

Part of the increase in household income last year was due to a falling unemployment rate and a rise in two-income families. Among married repeat buyers, the percentage of two-income households jumped to 69 percent from 60 percent in 1983. However, the proportion of dual-income households slipped slightly for married first-time buyers—to 86 percent last year from 87 percent in 1983.

Both repeat and first-time buyers made lower down payments last year. The average down payment for repeat buyers dropped from 27.8 percent of the selling price in 1983 to 25.6 percent last year. Meanwhile, down payments by first-time buyers fell to 13.2 percent from 15.7 percent.

NAHB's economics division found similar patterns in its survey of new home buyers. While the proportion of first-time buyers declined last year from its all-time high of 47.7 percent recorded in the July 1982-June 1983 period, it still was substantially above levels in the late 1970s (see chart).

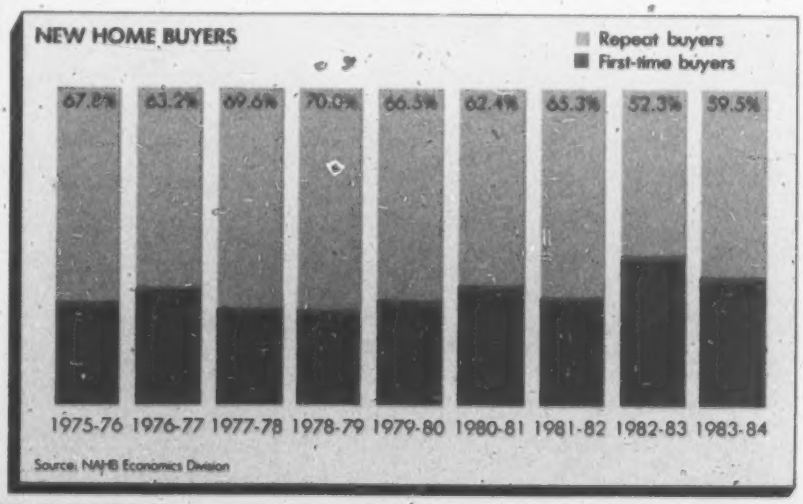
NAHB also found significant—but not unexpected—differences between first-time and repeat buyers of new homes. Among other things, trade-up buyers were older and far more likely to have children than first-time buyers.

About two-thirds of trade-up buyers were couples with children versus 44 percent of first-time buyers. Married couples without children accounted for about 40 percent of first-time buyers, but only 25 percent of repeat buyers. Some 13 percent of first-time buyers were single, but singles accounted for only 4 percent of repeat buyers.

As for age, first-time buyers were relatively younger with a median age of 30 versus 35 for repeat buyers. Repeat buyers also made more money. They had a combined income of $43,590 compared with $34,755 for first-time buyers.

Another finding: First-time buyers were more likely to purchase homes close to where they already lived. Some 62 percent of that group bought within the same county versus 46 percent of trade-up buyers.

Carol Anderson



MARKETING

CUSTOM HOME BUYERS GET A TASTE OF HOME

If you can't touch it, you won't buy it. That's the marketing creed of Marvin Ausherman, vice president of Ausherman Construction Company, and he's built a small sales village to support it.

The Frederick, Md., builder has created an alternative to the usual model home with his Custom Home Center, four "idea houses" ringing a cul-de-sac.

The custom-home builder created the center to give prospects—many of whom live in production housing—some sense of what their budgets will buy. "These are not the typical 'what you see is what you get' model homes," says Ausherman. "We've loaded them with features to give prospects a chance to touch and feel them, and to see them full scale. But all of our features are 100 percent interchangeable. We'll build anything a client wants."

Currently Ausherman is building eight single-family subdivisions near

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ARMs that didn't conform to these guidelines for rate and payment caps and ARMs with initial rates set more than two points below the indexed rate without the specified rate caps had to be underwritten at the more conservative housing expense-to-income ratio of 25 percent and total debt-to-income ratio of 33 percent.

Last summer's guidelines also restricted the maximum loan-to-value ratio to 90 percent for certain ARMs with the potential for negative amortization, including ARMs with a graduated payment feature and those with both a discounted initial rate or buydown greater than two points and a payment cap.

The new guidelines announced in February loosen many of those restrictions.

ARM borrowers now can be qualified at a discounted or bought-down initial rate up to two points below the fully indexed rate—but only if the loan-to-value ratio is 90 percent or less. Borrowers of 95 percent ARMs and graduated payment ARMs still must be qualified at the indexed rate.

In addition, maximum rate and payment adjustments have been doubled. For a one-year ARM, for example, the rate cap is now two points a year and the payment cap is 15 percent. However, high ratio ARMs are penalized once again. They must be underwritten at the stricter 25/33 percent ratios when the adjustment period rate cap exceeds one point or the periodic payment cap exceeds 7.5 percent.

The revised guidelines also restrict fixed-rate GPMs: the maximum loan-to-value ratio is 90 percent and scheduled payment increases cannot exceed 7.5 percent a year.

In addition, the amount of negative amortization allowed on any loan is now 100 percent of the home's appraised value. However, Freddie Mac says its mortgage purchase programs—at least for the time being—will continue to allow negative amortization up to 125 percent of the original mortgage amount, which is the industry standard.

Carol Anderson

HUD SUBSIDIZED HOUSING PROGRAM LEVELS FOR FISCAL YEARS 1980, 1985, 1986

	Fiscal year 1980	Fiscal year 1985	Proposed fiscal year 1986
Section 8[a]			
Section 202/new construction/substantial rehabilitation units	115,198	11,617[b]	0
(Section 202 units)	(20,440[b])	(11,617[b])	0
Moderate rehabilitation units	40,000	5,000	0
Existing housing units	47,022	37,500	0
Conversion/property disposition/loan management units	—	32,000	11,000
Housing vouchers, units	—	40,849	3,500
Public housing units (new)	38,172	5,000	0
Rental housing development grants, units	—	16,000	0
Rental rehab program, units	—	31,000[c]	0
Total units	**240,392**	**178,966**	**14,500**

[a]All Section 202 units are subsidized through Section 8 and are included in the totals for Section 8 new construction/substantial rehabilitation.
[b]All units under this category will be made available through the Section 202 program for the elderly and handicapped.
[c]All units in this category receive vouchers or Section 8 Existing Certificates.

Source: Department of Housing and Urban Development

GOVERNMENT

PROPOSED BUDGET CUTS SUBSIDIZED HOUSING

Federally subsidized housing programs would be virtually shut down under President Reagan's recently proposed budget for fiscal year 1986 which begins in October. The budget allows for funding only 14,500 subsidized units, down from almost 180,000 in fiscal year 1985 and 240,000 in fiscal year 1980.

In effect the administration is proposing a two-year moratorium on additional federal housing assistance.

The Housing and Urban Development (HUD) budget cuts off funds for the Section 202 program which finances construction of rental units for the elderly and handicapped, construction of new public housing units, Section 8 moderate rehab and the new rental rehabilitation and rental housing development grant programs.

The Urban Development Action Grant (UDAG) program, which received $440 million for this year, also would be axed, and Community Development Block Grant (CDBG) funds would be cut 10 percent from the current $3.5 billion level. What's more, CDBG funds would be shifted to rural areas, resulting in a 24 percent decline in funding for cities with more than 50,000 people.

In addition, the HUD budget comes close to killing off Secretary Samuel Pierce's much-touted rental housing voucher program, which was intended to replace the Section 8 program. The voucher plan, still in its demonstration phase, would be cut from 41,000 units this year to a paltry 3,500 in 1986. And the number of rental units subsidized under the Section 8 existing housing program would drop from 37,500 to zero.

The total number of HUD-assisted units would plunge from 179,000 this year to 14,500 in 1986.

The Farmers Home Administra-

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tion would feel the budget ax too. Rural housing programs would be virtually wiped out, and what's left would be transferred to HUD within two years.

The new FmHA budget eliminates loan funds for the Section 502 low-income homeownership program and requests only $30 million to repair existing 502 units. That compares with $2.3 billion appropriated this year for 502 loans and repairs.

In addition, the budget requests only $50 million for Section 515 rental assistance, down from $168 million appropriated for this year.

In the words of FmHA, "Rural housing programs will be terminated in 1986," except for the two aforementioned budget requests.

That is what the administration is proposing. Whether Congress goes along is another story. NAHB and other housing groups are gearing up to oppose the deep cuts. It's the first time since the Reagan administration started cutting subsidized housing programs that builders seem prepared to do battle.

After getting a preview of the HUD budget at the NAHB convention from Shirley McVay Wiseman, HUD's general deputy assistant secretary, Houston builder Ted Dinerstein commented, "We're not giving the people who need help out there any alternatives. It's scary."

Another builder told Wiseman, "You and HUD have the charge to do something positive for low-income people. But I don't see anything positive coming out."

Wilmington, Del., builder Marvin Gilman noted that NAHB originally opposed the concept of rental vouchers in part because they could be shut off so easily. "And that's what's happening."

Wiseman responded to the criticism by saying, "The budget isn't set in concrete." However, she conceded that "in effect, we're looking at the last go-round for Section 202," HUD's only remaining production program.

Another group upset about Reagan's housing budget is the Washington, D.C.-based National Low-Income Housing Coalition. Its president Barry Zigas called it "a total repudiation of a 50-year bipartisan commitment to the goal of a decent home in a suitable living environment for every American. With homelessness rising all across the country, it would be an act of willful neglect for Congress to approve this budget."

Carol Anderson

MARKETING

BRIDGE LOANS HELP MOVE-UP BUYERS MOVE

A Morristown, N.J.-based real estate firm which handles sales for nearly 120 subdivisions in the New York metropolitan area is successfully using a combination of bridge and equity access loans to snare move-up buyers who fear they will have to close on their new homes before they sell their old ones.

Weichert Realtors, which has an annual sales volume of more than $2 billion, offers its unusual Equity Advance Program to any buyer who lists his house for six months with any broker and buys a new one through one of its 97 offices in New Jersey, Pennsylvania, New York and Connecticut.

Typically, buyers turn to bridge loans only as a last resort when they need the proceeds from the sale of their present residence to settle on their new one. In most cases, settlement on the old home has been delayed beyond the date on which they close on the new one.

Buyers can sometimes secure bridge loans if they still haven't sold their old homes, but lenders usually require that the house be sold to a buyer who has a loan commitment before the funds are released.

Weichert, on the other hand, will get loans for its buyers even if they have not sold their homes. The company's two lenders, Chatham Trust Co. in Chatham, N.J., and Marine Midland Bank of White Plains, N.Y., will advance funds based on the equity the seller has in the house, even if it is listed for sale by another broker or is located elsewhere in the country.

The one-year loans, which are renewable for 90-day periods thereafter, carry an interest rate 1 percentage point above the lender's prime rate. Borrowers pay interest only until they settle on the old house, at which time principal and interest on the loans are paid in full. There is a $150 application fee but no points are charged.

Equity Advance loans, which were introduced in the mid-1970s and now are made at an average of about 65 a month, "relieve buyers of one of their worst fears, closing on a new house before the old one is sold," says Betty Robinson, manager of Weichert's Caldwell/West Orange (N.J.) branch. "That's very appealing, especially to those who are faced with the complexities of selling a house in another city."

The loan also appeals to move-up buyers who don't want to liquidate their other assets to come up with a down payment, reports John Joyce, Weichert's mortgage information coordinator. Buyers moving into or within the firm's market area are eligible for advances of up to 80 percent of their listing price, less any encumbrances.

(Equity Advance loans also are made available to persons who are moving out of state and selling their homes through Weichert. But sellers leaving the area are loaned only up to 70 percent of their selling price.)

According to the realty firm, more than 95 percent of the buyers and sellers who apply for the loans are approved and virtually all have repaid the loans on time. The firm takes anywhere from 60 to 120 applications a month for equity advances. In the first 10 months of 1984, 650 had been approved.

"We think it's a super idea," says Stanley Berkowitz of the Jack Parker Corp., which is using Weichert for the first time at its 433-unit Eagle Ridge townhouse development in West Orange, N.J. "The concept impressed us and it's one of the main reasons we went with them."

As Berkowitz sees it, the Equity Advance program "takes the pressure off buyers looking to upgrade. They know that if they can't sell their present home right away, they won't end up with two houses."

Lew Sichelman, a contributing editor to BUILDER

FIVE-YEAR

LOCAL FORECAST

PENELOPE LEMOV, BUSINESS EDITOR

Most home builders follow national housing starts, but those aren't the figures that help them plan their business year. When national starts are booming, their local markets may be busts. On the other hand, during downturns, their markets may fly high. For example, while national starts are forecast to average a modest 1.5 million annually in the five years ahead, Charleston, S.C., is forecast to have 59 percent more starts on average in the next five years than it did in the previous five-year period. But starts in St. Louis are forecast to drop 15 percent during the next five years.

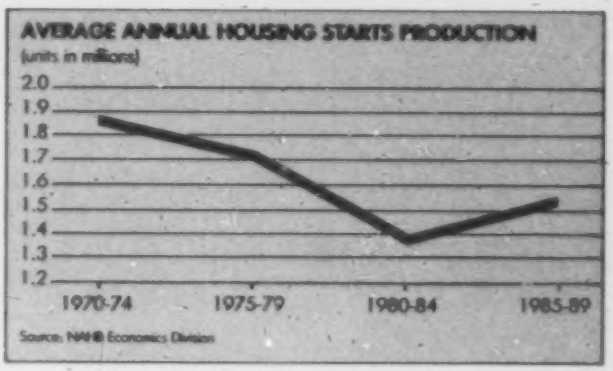
Because no one market controls the industry or its future, this five-year forecast, prepared by the NAHB economics division in conjunction with the association's long-range planning efforts, keys in on 94 major local markets. The forecast gives a projected average of annual starts over the five-year period of 1985-89, and compares that with three previous five-year periods (1970-84). It compares what has happened with what NAHB economists believe will happen in the next five years in such big markets as New York City (building 7.1 percent less units in 1985-89 than in 1980-84), Dallas (building 29 percent less), Detroit (steady at 1.9 percent more than in 1980-84) and Phoenix (also steady at 1.7 percent growth) as well as in such smaller markets as New Haven, Conn. (building 34.9 percent more), Gainesville, Fla. (building 11.7 percent less), Akron (steady at 0.4 percent decline) and Bakersfield, Calif. (booming ahead at 50.2 percent more starts).

In making their predictions for percentage of change in a particular market, NAHB's economists relied on both the hard facts of permits, population change and household formation and on other information gleaned through discussions with builders and marketing experts in particular markets.

Some of the trends that emerge from a study of the local five-year forecast are:

- Regionally, the Northeast will be strongest with 29 percent more starts forecast in the next five years than in the previous five years, but the big local market winners will continue to come from the Sunbelt and the West.
- Several cities that had seen boom times—Denver, Houston, San Antonio, Miami—will not sustain their high-flying paces. However, several second-tier Sunbelt cities—cities that had been ignored in the first flood of attention to the Sunbelt—will take up the slack. This would include cities such as Memphis, Charleston, S.C., Daytona Beach, Fla., El Paso, Tex., Albuquerque and Tallahassee, Fla. Among the major markets, the highest flyers will be San Diego (up 63 percent), Anaheim, Calif. (up 25.3 percent), Fort Lauderdale, Fla. (up 30.8 percent), Philadelphia (up 22.7 percent) and Atlanta (up 23.6 percent).
- Most of the big losers will be concentrated, as they were in the first half of the 80s, in the Midwest "rust belt." As a region, Midwest will be down 1.8 percent, the only region expected to decline in the next five years. Unemployment problems continue to drain the vitality of many cities like Flint, Mich. (down 38.8 percent) and Toldeo (down 30.9 percent).

For those who keep a wary eye on national starts, NAHB's economic forecasters have modified good news: For the five-year period 1984-88 (the most current half-decade available) housing starts should average 1.5 million a year as compared with 1.4 in the previous five-year period (which included the recession years from 1980 to 1982.) As the forecasters see it, 1985 should clock in with 1.5 million but a recession in 1986 and 1987 will mean 1.2 and 1.3 million starts, respectively. The light at the end of this tunnel is 1988 bursting with 1.8 million starts.



In compiling predictions for the national five-year forecast, NAHB's economists projected a generally more robust and inflation-free economy. They based their forecast on the following assumptions:

- GNP will average 2.4 percent annual growth, up from 1.1 percent during the previous five-year period;
- Real per capita disposal income will increase an average 2.6 percent annually, a significant improvement over declines in the previous five years;
- Inflation will stay under control and the Consumer Price Index (CPI), which averaged 8.5 percent annual increases during the previous five-year period will average 5.1 percent between now and 1988;
- Unemployment will be close to what it has been, averaging about 8.1 percent; and
- Interest rates will continue to remain high by historical standards, but they will be lower than they were during the previous period. Long-term rates (represented by bond yields) should be about the same as the previous period—about 12.2 to 12.3 percent,—but short-term rates (represented by the prime rate and Treasury bills) are expected to average 11.7 percent and 9.4 percent, respectively. In the previous period they had averaged 14.5 and 11 percent, respectively.

Neither the local nor the national forecast assumed a flat tax plan or elimination of tax-exempt bonds as a means of financing multifamily housing. Should either or both of these events take place, starts—in particular, multifamily starts—would be down 100,000 to 200,000 units.

On the more positive side national starts break down accordingly: Single-family will go from an average of 896,000 in 1979-83 to 961,000 in 1984-88, a 7.3 percent increase. Multifamily, without any tax problems, will go from averaging 481,000 starts annually to 549,000, a 14.1 percent increase. Overall, multifamily will increase its share of starts from 35 percent to 36.2 percent in the next five years.

The following table shows the forecast for 94 markets arranged alphabetically by region. The accompanying stories highlight one market that's expected to boom, another that's likely to be a bust, a third that will hold steady and a fourth that looks like a sleeper.

National housing starts are a benchmark for the economy in general and the industry in particular. But housing is a local business. This five-year forecast takes a look at which markets are destined to boom, which will slip and how the second half of the 80s shapes up on local levels.

METRO ESTIMATES AND FORECASTS, 1970-1989, ANNUAL AVERAGES

Metro area	1970-74	1975-79	1980-84	1985-89	Percent of change
NORTHEAST					
Boston					
Total	**13,381**	**9,057**	**7,285**	**8,000**	9.8%
Single-family	3,407	4,543	3,947	5,000	
Multifamily	9,974	4,514	3,338	3,000	
Buffalo					
Total	**6,482**	**3,438**	**1,407**	**1,300**	-7.6%
Single-family	3,630	2,594	1,169	1,100	
Multifamily	2,852	844	238	200	
Harrisburg, Pa.					
Total	**2,399**	**2,169**	**1,299**	**1,500**	15.5%
Single-family	1,144	1,374	988	1,000	
Multifamily	1,255	795	311	500	
Hartford, Conn.					
Total	**4,600**	**3,284**	**3,179**	**4,000**	25.8%
Single-family	1,979	2,382	2,346	2,800	
Multifamily	2,621	902	833	1,200	
Nassau-Suffolk, N.Y.					
Total	–	–	**5,357**	**5,500**	2.7%
Single-family	–	–	4,107	3,700	
Multifamily	–	–	1,250	1,800	
Newark, N.J.					
Total	**4,899**	**5,358**	**3,952**	**4,200**	6.3%
Single-family	2,284	2,936	2,747	2,700	
Multifamily	2,615	2,422	1,205	1,500	
New Brunswick, N.J.					
Total	**2,503**	**2,902**	**3,664**	**4,000**	9.2%
Single-family	1,358	1,535	2,001	2,000	
Multifamily	1,145	1,367	1,663	2,000	
New Haven, Conn.					
Total	**2,396**	**1,974**	**1,483**	**2,000**	34.9%
Single-family	824	1,170	875	1,200	
Multifamily	1,572	804	608	800	
N.J.-Somerset Co.					
Total	**1,388**	**1,422**	**1,148**	**1,700**	48.1%
Single-family	617	749	473	800	
Multifamily	771	673	675	900	
New York City					
Total	**35,144**	**10,810**	**12,914**	**12,000**	-7.1%
Single-family	10,752	3,904	3,390	3,000	
Multifamily	24,392	6,906	9,524	9,000	
Philadelphia					
Total	**27,345**	**17,981**	**12,223**	**15,000**	22.7%
Single-family	12,828	14,244	8,766	11,000	
Multifamily	14,517	3,737	3,457	4,000	
Pittsburgh					
Total	**9,021**	**8,187**	**4,322**	**4,000**	-7.5%
Single-family	5,024	5,437	2,535	2,000	
Multifamily	3,997	2,750	1,787	2,000	

Metro area	1970-74	1975-79	1980-84	1985-89	Percent of change
Rhode Island					
Total	**5,928**	**4,681**	**3,241**	**4,000**	
Single-family	2,987	2,983	1,940	2,500	
Multifamily	2,941	1,698	1,301	1,500	
Rochester, N.Y.					
Total	**6,126**	**2,767**	**2,174**	**2,000**	
Single-family	3,079	2,474	1,694	1,200	
Multifamily	3,047	293	480	800	
SOUTH					
Atlanta					
Total	**27,500**	**14,183**	**32,367**	**40,000**	
Single-family	11,200	11,441	21,389	25,000	
Multifamily	16,300	2,742	10,978	15,000	
Austin					
Total	**7,178**	**7,203**	**14,343**	**15,000**	
Single-family	2,747	5,171	6,393	8,000	
Multifamily	4,431	2,032	7,950	7,000	
Baltimore					
Total	**19,900**	**13,286**	**10,654**	**12,000**	
Single-family	9,150	9,978	8,610	9,000	
Multifamily	10,750	3,308	2,044	3,000	
Birmingham, Ala.					
Total	**6,999**	**4,956**	**2,586**	**2,500**	
Single-family	2,833	3,249	1,502	1,500	
Multifamily	4,166	1,707	1,084	1,000	
Charleston, S.C.					
Total	**3,047**	**3,266**	**5,047**	**8,000**	
Single-family	2,005	2,037	2,888	5,000	
Multifamily	1,042	1,229	2,159	3,000	
Charlotte-Mecklenburg Co., N.C.					
Total	**5,601**	**3,209**	**5,101**	**7,000**	
Single-family	2,174	2,279	2,570	4,000	
Multifamily	3,427	930	2,531	3,000	
Dallas-Fort Worth					
Total	**31,657**	**35,020**	**63,400**	**45,000**	
Single-family	16,158	20,684	31,200	30,000	
Multifamily	15,499	14,336	32,200	15,000	
Daytona Beach, Fla.					
Total	**4,043**	**3,630**	**5,026**	**6,000**	
Single-family	1,832	2,909	3,376	4,000	
Multifamily	2,211	721	1,650	2,000	
Delaware					
Total	**6,320**	**3,060**	**2,994**	**3,000**	
Single-family	3,440	2,500	2,164	2,000	
Multifamily	2,880	560	830	1,000	
El Paso, Tex.					
Total	**5,655**	**2,939**	**4,580**	**7,000**	
Single-family	2,136	2,138	2,255	3,000	
Multifamily	3,519	801	2,325	4,000	

Metro area	1970-74	1975-79	1980-84	1985-89	Percent of change
Fort Lauderdale, Fla.					
Total	**36,521**	**13,687**	**11,471**	**15,000**	
Single-family	9,495	6,633	3,959	5,000	
Multifamily	27,026	7,054	7,512	10,000	
Gainesville, Fla.					
Total	**2,034**	**1,984**	**2,265**	**2,000**	
Single-family	859	1,008	1,041	1,000	
Multifamily	1,175	976	1,224	1,000	
Greenville, S.C.					
Total	**3,360**	**1,642**	**1,916**	**2,000**	
Single-family	1,647	1,350	1,056	1,200	
Multifamily	1,713	292	860	800	

Photo: Courtesy Atlanta Chamber of Commerce

ATLANTA: PICKING UP THE PACE

Atlanta's got what everyone wants, and it's not just peach trees, pecans and antebellum reminders of a heady bygone era. What makes Atlanta nirvana for home builders is simpler: Atlanta's economic recovery came faster than anyone expected, therefore, there's more demand for housing than supply.

According to Alfred Gobar, a Brea, Calif., housing market consultant, demand is running at 45,000 units a year while housing starts have been in the 35,000-unit-a-year range.

But builders are working hard to pick up the pace. In 1983 Atlanta ranked fourth in the country with 45,190 starts; last year Atlanta ranked third (behind Dallas and Phoenix) with 51,305 starts. In 1985 NAHB economists predict Atlanta will move into second place with 44,075 starts—a decline of 14 percent but still a pace that will put Atlanta ahead of every market except Dallas.

What's creating all the excitement? David Chatham, president of Atlanta's HBA and of Chatham Properties, a custom building company, ticks off Atlanta's strong points: The climate is appealing with mild weather and four distinct seasons; the airport is one of the busiest, largest and most up-to-date in the world. These two factors are behind Atlanta's appeal as a relocation market for corporations, many of which are opening regional and national headquarters in the city. In addition, Atlanta has no topographical barriers to expansion—no physical restraints like oceans or mountains. The infrastructure is in excellent shape—the highway system was recently re-built with federal funds—and there is no lack of water, natural gas or electricity.

Atlanta's population growth reflects these factors, growing at a rate of 2.5 percent a year. By 1989 metropolitan Atlanta will add another 310,000 residents. As it stands today, Atlanta with over 2 million people in the SMSA is the 10th largest metro area in the country. Over 60 percent of the net increase in population has been due to in-migration, and a large percentage of the newcomers are housing-hungry yuppies recruited by those corporations opening headquarters in Atlanta. In addition to yuppies, young empty-nesters also are a large market.

Although the Atlanta market has traditionally been dominated by single-family building, multifamily has been taking an increasing percentage of starts in recent years. According to NAHB's forecast figures, the five-year average starts for multifamily went from 2,742 in 1975-79 to 10,978 in 1980-84, a 300 percent increase. Single-family, meanwhile, went from 11,441 in 1975-79 to 21,389 in 1980-84, an 87 percent increase. Most observers believe multifamily's peak is past but that healthy growth will continue and that the single-family move-up market has plenty of room to grow.

Photo: Courtesy Dallas Convention & Visitor Bureau

DALLAS: TOO MUCH OF A GOOD THING

What's wrong with this picture? Here is Dallas, grown rich and aggressive on oil, growing sleek and smart on high tech and getting friendly on a burgeoning service industry. Its diversified economy has so encouraged population growth that the number of people there is expected to double to 6.8 million by the year 2000. In-migration alone should account for nearly 107,000 new residents this year. The unemployment rate is an almost negligible 3½ percent, and new industry continues to be attracted to the area: 80,000 to 85,000 new jobs were created last year and another 65,000 to 75,000 are expected this year.

It is a profile like this that has long kept major building companies like Fox and Jacobs, Pulte, U.S. Home, Ryan and Ryland and, in the multifamily sector, Lincoln Properties and A.G. Spanos, active in Dallas. After all, population growth and a healthy local economy are the underpinnings of a strong home building environment, and Dallas has them.

And yet, observers agree that Dallas, like her beloved Cowboys football team, will be thrown for a loss. Average annual housing starts, NAHB's economists predict, will be off an average of 29 percent for the next five years. Where Dallas averaged 63,400 annual starts in 1980-84, it should produce only 45,000 annual starts in 1985-89.

The main problem is that Dallas, and its sister city, Forth Worth, have had too much of a good thing. The Dallas-Forth Worth metropolitan area topped NAHB's metro forecast charts with a record-setting 112,500 starts in 1983 (second-place Houston had a mere 57,800) and topped the start list again last year with 82,900 starts—nearly 23,000 better than second-place Phoenix.

"You don't anticipate that that kind of record can be duplicated very often," is the straightforward explanation of Simon MacHugh, executive vice president of the Dallas HBA. "You don't want to set a record every year. It's not good for your market to grow that fast."

While all Dallas housing sectors will feel the pinch, single-family will feel it least, absorbing only a 4 percent falloff. Mid-density housing should continue to sell well while condos—both new and converted—won't. "New residents would rather have a small home and commute than buy a condominium," reports the *Fuller Real Estate Market Report*. To that MacHugh adds, "We've been a little ahead of ourselves in condos and more expensive single-family homes in certain parts of Dallas. There's inventory out there that needs to be absorbed which will have an impact initially on permits."

Multifamily will feel the brunt of the cutbacks. The number of available apartment units has increased by one-third in the past two years, due in good measure to outside investors toting syndication dollars that have overheated the multifamily market.

Dallas housing starts may go down, but don't count Dallas out. As William Gibson, chief economist with the RepublicBank Corp., Dallas, put it, "We're in a transition period. It's a transition from a very good period to a good period." Housing starts, as usual, are the harbinger of that change.

Metro area	1970-74	1975-79	1980-84	1985-89	Percent of change
Houston					
Total	**33,936**	**50,623**	**49,292**	**40,000**	
Single-family	16,225	26,402	27,162	25,000	
Multifamily	19,711	24,221	22,130	15,000	
Jacksonville, Fla.					
Total	**7,542**	**5,070**	**7,459**	**8,000**	
Single-family	2,043	4,184	4,233	4,000	
Multifamily	5,499	886	3,226	4,000	
Lakeland-Winter Haven, Fla.					
Total	**2,540**	**2,969**	**3,174**	**4,000**	
Single-family	1,404	2,393	1,795	2,000	
Multifamily	1,136	576	1,379	2,000	
Little Rock-N. Little Rock, Ark.					
Total	**3,716**	**2,461**	**2,737**	**3,000**	
Single-family	1,695	1,854	1,025	2,000	
Multifamily	2,021	607	1,712	1,000	
Memphis					
Total	**11,788***	**3,088**	**4,302**	**6,000**	
Single-family	4,909	2,610	3,151	4,000	
Multifamily	6,879	478	1,151	2,000	
Miami					
Total	**28,182**	**12,246**	**14,200**	**12,000**	
Single-family	8,626	7,166	5,332	6,000	
Multifamily	19,556	5,080	8,868	6,000	
Nashville-Davidson Co.					
Total	**5,835**	**3,405**	**4,492**	**5,000**	
Single-family	1,591	1,274	946	2,000	
Multifamily	4,244	2,131	3,546	3,000	
New Orleans					
Total	**12,118**	**8,012**	**8,260**	**8,000**	
Single-family	5,734	5,027	4,444	5,000	
Multifamily	6,384	2,985	3,816	3,000	
Norfolk-Portsmouth, Va.					
Total	**8,569**	**6,257**	**7,503**	**6,000**	
Single-family	3,341	3,837	4,194	4,000	
Multifamily	5,228	2,420	3,309	2,000	
Orlando, Fla.					
Total	**14,864***	**5,868**	**15,009**	**12,000**	
Single-family	6,153	5,095	9,400	8,000	
Multifamily	8,711	773	5,609	4,000	
Raleigh-Durham, N.C.					
Total	**3,500**	**3,011**	**4,332**	**4,000**	
Single-family	1,334	2,262	2,739	2,500	
Multifamily	2,166	749	1,593	1,000	
Richmond, Va.					
Total	**7,063**	**6,026**	**5,561**	**6,000**	
Single-family	3,247	4,539	4,384	4,200	
Multifamily	3,816	1,487	1,177	1,800	

* represents permits authorized

Metro area	1970-74	1975-79	1980-84	1985-89	Percent of change
Roanoke, Va.					
Total	**2,536**	**2,033**	**1,567**	**1,800**	
Single-family	1,275	1,529	1,225	1,300	
Multifamily	1,261	504	342	500	
San Antonio					
Total	**7,359**	**4,803**	**15,920**	**9,000**	
Single-family	2,936	2,255	7,309	4,500	
Multifamily	4,423	2,548	8,611	4,500	
Sarasota-Bradenton, Fla.					
Total	**6,349***	**10,450**	**7,756**	**9,000**	
Single-family	2,362	5,490	3,520	4,500	
Multifamily	3,987	4,960	4,236	4,500	
Tallahassee, Fla.					
Total	**3,549***	**1,712***	**2,400**	**3,000**	
Single-family	1,358	1,186	1,544	1,800	
Multifamily	2,191	526	856	1,200	
Tampa-St. Petersburg					
Total	**29,824**	**13,134**	**21,361**	**20,000**	
Single-family	9,221	8,932	9,833	12,000	
Multifamily	20,603	4,202	11,528	8,000	
Tulsa					
Total	**3,528**	**3,469**	**5,002**	**3,000**	
Single-family	2,157	3,088	3,090	2,000	
Multifamily	1,371	381	1,912	1,000	
Washington, D.C.					
Total	**33,083**	**18,733**	**22,799**	**26,000**	
Single-family	18,869	13,949	18,813	21,000	
Multifamily	14,214	4,784	3,986	5,000	
W. Palm Beach-Boca Raton, Fla.					
Total	**19,286**	**15,162**	**18,102**	**20,000**	
Single-family	3,714	7,300	8,746	12,000	
Multifamily	15,572	7,862	9,356	8,000	
MIDWEST					
Akron					
Total	**4,450**	**3,085**	**2,511**	**2,500**	
Single-family	2,270	1,950	1,321	1,500	
Multifamily	2,180	1,135	1,190	1,000	
Canton, Ohio					
Total	**2,554**	**2,438**	**1,886**	**2,000**	
Single-family	1,514	1,540	985	1,200	
Multifamily	1,040	898	901	800	
Chicago					
Total	**45,060**	**36,976**	**16,305**	**18,000**	
Single-family	20,100	22,422	7,781	11,000	
Multifamily	24,960	14,554	8,524	7,000	
Cincinnati					
Total	**9,888**	**9,005**	**4,914**	**5,000**	
Single-family	4,408	5,502	2,898	3,500	
Multifamily	5,480	3,503	2,016	1,500	

Metro area	1970-74	1975-79	1980-84	1985-89	Percent of change
Cleveland					
Total	**9,794**	**7,696**	**2,985**	**3,500**	
Single-family	4,738	5,232	1,809	2,500	
Multifamily	5,056	2,464	1,176	1,000	
Columbus, Ohio					
Total	**9,794**	**6,122**	**4,792**	**5,500**	
Single-family	4,738	3,821	2,753	3,500	
Multifamily	5,056	2,301	2,039	2,000	
Dayton					
Total	**5,420**	**3,399**	**1,857**	**2,000**	
Single-family	2,959	2,320	1,345	1,500	
Multifamily	2,461	1,079	512	500	
Detroit					
Total	**29,738**	**20,439**	**7,853**	**8,000**	
Single-family	15,650	14,507	4,557	5,000	
Multifamily	14,088	5,932	3,296	3,000	

Photo: Courtesy Minneapolis Convention & Visitor Commission

MINNEAPOLIS: STEADY AS SHE GOES

When talk turns to high-flying markets, Minneapolis and its twin city, St. Paul, best known for their bitter winters, seldom are mentioned. And yet, while housing starts in the Minneapolis-St. Paul SMSA don't reach lofty peaks, they never tumble into lowly valleys. Minneapolis is a steady, dependable market that does well in bad times and good. Proof: It has 15,000 starts a year for the past 15 years with a five-year average high of 16,849 in 1970-74 and a low of 14,260 in the 1980-84 period.

Unlike Atlanta, Dallas or Albuquerque, Minneapolis hasn't experienced dramatic population shifts, but there is some movement. The Twin Cities grew slightly—0.7 percent—between 1970 and 1980; forecasters believe population growth will step up to 4 percent during the 1980s. When population figures are recounted and tallied in 1990, Minneapolis should rank 12th in the nation—and that's without the appeal of a mild climate or a famous downtown center.

Household unit formation has grown faster than the population, which means households are becoming smaller and the need for housing greater. Strong employment also helps housing demand. The area's unemployment rate is only 4.4 percent, down by one-third since 1983. The greatest growth in jobs has come from a burgeoning service industry and from finance/insurance/real estate companies, reports Lynn Donohue of the Minneapolis office of Laventhol & Horwath, a national real estate consulting firm.

But the key to Minneapolis's overall success is its economic diversity. The area continues to attract and hold high-tech companies, medical centers and Fortune 500 companies such as Honeywell, Pillsbury, 3M, IBM and Control Data. Their presence means that recessions don't hit as hard or cut as deep as they do in cities dependent on one or two industries.

To serve the diverse and expanding economic base, office construction in downtown Minneapolis doubled in the last five years, creating for the first time a viable downtown housing market. High-rise living still is not popular in Minneapolis, which has traditionally been a single-family, suburban housing market. And not all the new downtown projects have succeeded. Those that have "are in good locations—near parks and the river—and have high amenities. The cheaper projects that aren't as well located are still looking for tenants," Donohue reports.

In the single-family market, starts fell 26 percent during the five-year period that included the 1980-82 recession, but NAHB's economists predict an 8.6 percent upswing in the five years to come.

Metro area	1970-74	1975-79	1980-84	1985-89	Percent of change
Evansville, Ind.					
Total	**4,452**	**2,073**	**1,281**	**1,200**	
Single-family	3,816	1,140	563	600	
Multifamily	636	933	718	600	
Flint, Mich.					
Total	**3,925**	**2,377**	**817**	**500**	
Single-family	2,473	1,697	594	300	
Multifamily	1,452	680	223	200	
Indianapolis					
Total	**7,234**	**3,676**	**4,220**	**3,000**	
Single-family	1,683	1,776	2,113	2,000	
Multifamily	5,551	1,900	2,107	1,000	
Kalamazoo, Mich.					
Total	**1,444**	**4,531**	**1,320**	**1,200**	
Single-family	675	2,480	571	600	
Multifamily	769	2,051	749	600	
Kansas City, Mo.					
Total	**11,694**	**8,940**	**6,736**	**6,000**	
Single-family	5,281	6,980	4,002	6,000	
Multifamily	6,413	1,960	2,734	2,000	
Madison, Wis.					
Total	**3,654**	**3,088**	**1,650**	**1,500**	
Single-family	1,322	2,011	845	800	
Multifamily	2,332	1,077	805	700	
Milwaukee					
Total	**8,962**	**7,965**	**3,026**	**2,800**	
Single-family	4,257	4,238	1,377	1,800	
Multifamily	4,705	3,727	1,649	1,000	
Minneapolis-St. Paul					
Total	**16,849**	**16,440**	**14,260**	**15,000**	
Single-family	7,885	12,440	9,200	10,000	
Multifamily	8,964	4,000	5,060	5,000	
St. Louis					
Total	**14,364**	**12,340**	**9,422**	**8,000**	
Single-family	7,840	9,584	5,204	5,000	
Multifamily	6,524	2,756	4,218	3,000	
Springfield, Ill.					
Total	**1,171***	**1,148***	**330**	**400**	
Single-family	546	666	99	200	
Multifamily	625	482	231	200	
Toledo					
Total	**5,019**	**4,260**	**2,170**	**1,500**	
Single-family	2,276	2,364	1,014	800	
Multifamily	2,743	1,896	1,156	700	
Wichita, Kans.					
Total	**2,087**	**2,969**	**3,483**	**3,000**	
Single-family	594	1,306	2,251	2,000	
Multifamily	1,493	1,663	1,232	1,000	

Metro area	1970-74	1975-79	1980-84	1985-89	Percent of change
WEST					
Albuquerque					
Total	**5,429**	**5,030**	**3,052**	**7,000**	
Single-family	2,454	2,798	1,628	3,000	
Multifamily	2,975	2,232	1,424	4,000	
Anaheim, Calif.					
Total	**27,289**	**22,132**	**10,375**	**13,000**	
Single-family	13,190	12,381	5,826	7,000	
Multifamily	14,099	9,751	4,549	6,000	
Anchorage					
Total	**1,006***	**364**	**5,689**	**5,000**	
Single-family	452	109	2,759	3,000	
Multifamily	554	255	2,930	2,000	

Photo: Courtesy Albuquerque Convention and Visitors Bureau

ALBUQUERQUE: NEW SUNBELT HOT SPOT

On a clear day—which is most every day in Albuquerque—residents of this young western city can see the majestic Sandia Mountains, mystical deserts, haunting pueblos and the steady flow of the Rio Grande River.

If they listen closely they can probably also hear the not-so-light tred of the armies of new arrivals from New York, Illinois and other points northeast and cold. Albuquerque, once a sleepy defense research center with a young but not very vibrant population, looks like it will be the next "hot" Sunbelt city. In-migration is swelling the metropolitan area's ranks from its present 470,000 to a predicted 630,000 in the year 2000, a 35 percent increase that catapults this edge-of-the-desert town into one of the five fastest growing cities in the country.

Mild winters, summers that aren't unbearably hot and nearby mountains are a magnet for retirees who don't want to pay the price or join the crowds at Phoenix and Tucson. Light industry also is moving in, attracted by an inexpensive, young and available labor force and an underground water supply that could support a population three times Albuquerque's size. What's not too attractive is Albuquerque's track record during economic downturns. "Things don't slow down during a recession," explains Mike Dontje, executive director of the Albuquerque HBA. "They stop."

A diversifying economy should smooth out those ups and downs and give Albuquerque the room to come into its own. "Everyone's been saying for years that we're the next San Antonio, that we're going to have explosive growth," Dontje says. Finally, it seems about to happen.

Multifamily builders already have anticipated that growth. "They saw the city's low vacancy rate (under 5 percent), heard about the population growth and, this year, went crazy," reports Dontje. When the dust cleared last year there were 5,300 multifamily starts, nearly four times as many as were built in 1983, with 3,000 to 4,000 units still in the pipeline. Dontje believes multifamily starts will continue to boom in the next two years, then the bottom will drop out.

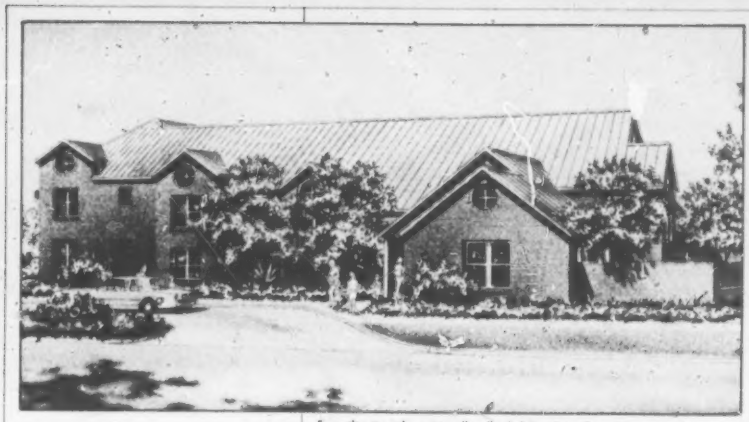
The single-family market, which enjoyed 2,300 starts in 1984, appears to have more room to grow in a steady, long-term manner. The five-year forecast predicts 3,000 new starts a year, nearly double the number of average annual starts for 1980-84. The number is sustainable, Dontje claims, if interest rates stay down and another bridge across the Rio Grande (to the undeveloped western sector of the city) goes up.

The upper end ($100,000 to $125,000) of the single-family market is strong and builders putting up $40,000 condos and $75,000 detached houses also are doing well. Among the big builders active in the city are U.S. Home, Presley Companies and Wood Bros. More should follow. Dontje reports he is contacted weekly by builders interested in coming into the Albuquerque market.

Metro area	1970-74	1975-79	1980-84	1985-89	Percent of change
Bakersfield, Calif.					
Total	**2,629***	**4,360***	**3,995**	**6,000**	
Single-family	1,852	2,707	2,299	2,000	
Multifamily	1,074	1,653	1,696	4,000	
Boise					
Total	**2,348**	**3,173**	**1,244**	**1,500**	
Single-family	1,683	2,290	1,028	1,000	
Multifamily	665	883	216	500	
Colorado Springs					
Total	**7,725**	**2,415**	**6,321**	**9,000**	
Single-family	3,640	2,301	3,748	4,000	
Multifamily	4,085	114	2,573	5,000	
Denver-Boulder					
Total	**27,780**	**18,553**	**20,688**	**18,000**	
Single-family	13,247	14,824	14,348	10,000	
Multifamily	14,533	3,729	6,340	8,000	
Fresno, Calif.					
Total	**2,496**	**3,115**	**2,360**	**4,000**	
Single-family	1,057	1,395	1,073	2,000	
Multifamily	1,439	1,720	1,287	2,000	
Hawaii					
Total	**9,872**	**8,800**	**6,345**	**5,000**	
Single-family	3,224	4,340	2,991	2,000	
Multifamily	6,648	4,460	3,354	3,000	
Las Vegas					
Total	**7,446**	**9,739**	**8,829**	**8,000**	
Single-family	4,587	6,001	4,793	5,000	
Multifamily	2,859	3,738	4,136	3,000	
Los Angeles-Long Beach					
Total	**41,668**	**32,623**	**23,731**	**25,000**	
Single-family	9,171	13,292	7,660	8,000	
Multifamily	32,497	19,331	16,071	17,000	
Modesto, Calif.					
Total	**2,926***	**3,716***	**2,123**	**2,000**	
Single-family	1,513	2,604	1,103	1,000	
Multifamily	1,116	1,112	1,020	1,000	
Oxnard-Simi Valley, Calif.					
Total	**5,974**	**7,272**	**3,040**	**4,000**	
Single-family	2,922	5,254	2,023	2,500	
Multifamily	3,052	2,018	1,017	1,500	
Phoenix					
Total	**28,678**	**25,896**	**34,419**	**35,000**	
Single-family	17,375	19,026	16,197	15,000	
Multifamily	11,303	6,870	18,222	20,000	
Portland, Ore.					
Total	**14,121**	**15,282**	**7,150**	**5,000**	
Single-family	8,434	10,447	4,686	3,000	
Multifamily	5,687	4,835	2,464	2,000	

Metro area	1970-74	1975-79	1980-84	1985-89	Percent of change
Riverside-San Bernardino, Calif.					
Total	**15,706**	**25,154**	**17,831**	**20,000**	
Single-family	8,443	19,823	13,295	14,000	
Multifamily	7,263	5,331	4,536	6,000	
Sacramento					
Total	**12,831***	**10,854**	**7,978**	**7,000**	
Single-family	6,162	9,203	5,700	5,000	
Multifamily	6,669	1,651	2,278	2,000	
Salem, Ore.					
Total	**2,749**	**3,924**	**1,146**	**600**	
Single-family	1,746	2,680	917	500	
Multifamily	1,003	1,244	229	100	
Salt Lake City-Ogden					
Total	**8,555**	**11,875**	**6,456**	**6,000**	
Single-family	4,719	8,709	4,065	4,000	
Multifamily	3,836	3,165	2,391	2,000	
San Diego					
Total	**25,971**	**25,299**	**15,339**	**25,000**	
Single-family	11,692	13,096	7,284	13,000	
Multifamily	14,279	12,203	8,055	12,000	
San Francisco-Oakland					
Total	**27,358**	**17,480**	**12,200**	**10,000**	
Single-family	11,929	12,010	7,280	6,000	
Multifamily	15,429	5,470	4,920	4,000	
San Jose					
Total	**14,833***	**10,569***	**5,142**	**5,000**	
Single-family	7,637	7,320	2,927	3,000	
Multifamily	7,196	3,985	2,215	2,000	
Santa Barbara					
Total	**2,540**	**1,944**	**1,754**	**2,000**	
Single-family	897	1,220	1,061	1,200	
Multifamily	1,643	724	693	800	
Santa Rosa, Calif.					
Total	**4,358***	**3,821***	**2,541**	**3,000**	
Single-family	2,769	2,935	1,856	2,000	
Multifamily	1,589	886	685	1,000	
Seattle-Everett					
Total	**7,818**	**21,438**	**13,794**	**12,000**	
Single-family	5,249	11,738	6,696	5,500	
Multifamily	2,569	9,700	7,098	6,500	
Stockton, Calif.					
Total	**3,044***	**4,752***	**2,518**	**3,000**	
Single-family	1,520	2,817	1,471	1,500	
Multifamily	1,524	1,935	1,047	1,500	
Tucson					
Total	**8,176**	**7,822**	**8,643**	**10,000**	
Single-family	5,001	5,026	3,036	5,000	
Multifamily	3,175	2,796	5,607	5,000	

Source: NAHB Forecasting Service



Families with critically ill children in local hospitals can lodge at the Ronald McDonald House built by members of the Greater San Antonio Builders Association.

or deserted by their parents. At present, HBA members are working on three such homes that the county leases to the Boys and Girls Housing Foundation. "It's easy to write a check for a charitable effort such as this, but we want to get completely involved in the project," said Susan Matlick, executive vice president of the Suburban Maryland HBA. In fact, the project already has outgrown the scope of an HBA committee; a separate foundation has been established to coordinate renovation of the homes.

In Erie, Pa., the Home Builders Association of Northwestern Pennsylvania has initiated a project in cooperation with three area hospitals that provides a "home-like, supportive environment" for the families and loved ones of patients receiving treatment in one of the area's hospitals. Three separate homes will be remodeled through donated manpower and materials. Funds also will be raised to furnish and operate the facilities on a permanent basis. Two of the facilities will be in the hospitals and the third will be a short distance from one of the hospitals.

A handicapped boy, Bobby Williams (age 9), and his family now have a new log home equipped for Bobby's special needs on the same lot as their original home, thanks to the efforts of the Home Builders Association of Fairfield County, Inc., Westport, Conn. Bobby, one of 11 children, was born without a spinal connection from his ribs to his pelvis and lost his legs in one of several major operations. The family's substandard living conditions were brought to the attention of the area through the media. The two-story, 4,000-square-foot log home has six bedrooms, with one on the first floor for Bobby.

More than 6,000 people contributed more than $120,000 to the Bobby Williams Fund to pay for the house and assist with the boy's education. HBA members volunteered the labor while Quaker Log and Solar Homes, Inc., of Oxford, Conn., provided the logs at cost and the construction supervision.

NAHB ANNOUNCES 20 BIGGEST HBAs

Of all 800 Home Builders Associations only two have more than 2,000 members, and both are in Texas. Number one in membership is the Home and Apartment Builders Association of Metropolitan Dallas, with 2,508 members as of October 1, 1984. In second place is the Builders Association of Fort Worth & Tarrant County, with 2,187 members.

The Dallas HBA added 335 members last year and the HBA of Fort Worth & Tarrant County added 366 new members.

Among the top 20 HBAs, the smallest has 956 members.

NAHB MEMBERSHIP—TOP 20 HBAs

HBA	Current membership
Home & Apartment Builders Association of Metropolitan Dallas	2,508
Builders Association of Fort Worth & Tarrant County (Tex.)	2,187
Home Builders & Contractors Association of Palm Beach County (Fla.)	1,969
Home Builders Association of Mid-Florida	1,737
Building Industry Association of Southern California	1,641
Greater Houston Builders Association	1,576
Northeast Florida Builders Association	1,447
Home Builders Association of Metropolitan Atlanta	1,326
Building Industry Association of Northern California	1,303
Austin Association of Builders	1,274
Central Oklahoma Home Builders Association Inc.	1,223
Greater San Antonio Builders Association	1,206
Home Builders Association of Greater Kansas City (Mo.)	1,124
Home Builders Association of Greater St. Louis	1,085
Home Builders Association of Metropolitan Denver	1,067
Home Builders Association of Maryland	1,038
Five County Builders & Contractors Association (Fla.)	1,017
Home Builders Association of Metropolitan Portland (Ore.)	999
Home Builders Association of New Orleans Inc.	962
Rhode Island Builders Association	956